

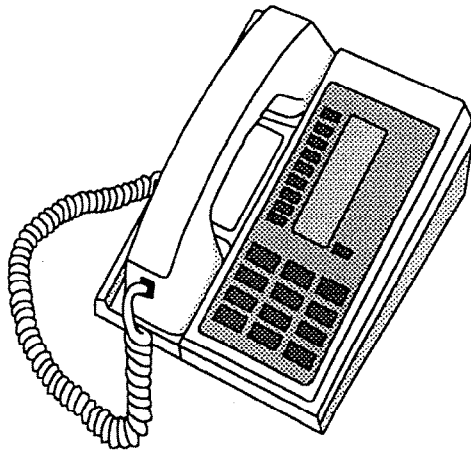
YEAR 1999

ANNUAL REPORT
OF

1999-00-056
PUBLIC SERVICE
COMMISSION

Citizens Communications

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

Check No. 153517
Citizens Communications

5600 Headquarters Drive
P.O. Box 251209
Plano, TX 75025-1209



RECEIVED BY
APR 28 1999 9:55
PUBLIC SERVICE
COMMISSION

April 28, 2000

Public Service Commission
State of Montana
1701 Prospect Avenue
P.O. Box 202601
Helena, Montana 59620-2601

Chk # 153517
Chk Amt \$25.00
Chk Date 4/27/2000
Initials JS

To Whom It May Concern:

Enclosed is a copy of the Annual Report for Citizens
Telecommunications Company of Montana for year ended December 31,
1999 along with \$25.00 filing fee.. Also enclosed is a diskette containing
the file.

If you have any questions, please contact Jeff Gough at 469-365-3255.

Sincerely,



Michael Shultz
Director - Revenue & Earnings

Enclosure

Telephone Annual Report

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Telephone Annual Report

Instructions

General

1. A Microsoft EXCEL 97 workbook of the annual report is being provided on computer disk for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell.
2. The workbook contains input sections that are unprotected, and non-input sections that are protected. Cell protection can be disabled or enabled through "TOOLS - PROTECTION - UNPROTECT SHEET" on your toolbar. Formulas and checks are built into most of the templates.
3. Use of the disk is optional. The disk and the report cover shall be returned when the report is filed. There are macros built into the workbook to assist you with the report. An explanation of the macros is on the "Control" worksheet at the front of the workbook. The explanations start at cell A1.
4. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5". You may select specific schedules to print - See the worksheet "CONTROL".
5. Unless otherwise indicated all information required in these schedules shall be from the accounts prescribed in 47 C.F.R. Part 32 and the definitions and instructions therein will apply to this report wherever applicable.
6. Information on financial schedules may be rounded to thousands of dollars for companies with over 5,000 access lines. Companies submitting schedules rounded to thousands should so indicate at the top of the schedule.
7. Where more space is needed or more than one schedule is needed additional schedules may be attached and should be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).
8. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.

9. The following schedules should be filled out with information on a total company basis:

Schedules 1 - 4
Schedule 10
Schedules 13 - 17
Schedule 19
Schedule 20, Page 1 of 2
Schedules 33 and 34

All other schedules should be filled out with Montana specific data. Financial schedules should include all amounts originating in Montana or allocated to Montana from other jurisdictions.

10. All companies owned by another company shall attach a corporate structure chart of the holding company.

11. The following schedules are not required to be filled out or submitted by companies with less than 5,000 access lines:

Schedule 6
Schedules 17 and 18
Schedule 21

12. Schedules that have no activity during the year or are not applicable to the respondent should be marked as not applicable and submitted with the report.

13. Companies with under 5,000 lines may use summary accounts and should leave lines for subaccounts blank. Summary accounts are noted with an asterisk and subaccounts that are not required are noted with a caret.

14. Companies with over 5,000 lines must complete schedules to all required subaccount detail.

15. FCC Form M sheets may not be substituted in lieu of completing annual report schedules.

16. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 3 through 9

1. **Schedules 3, 4, and 9** should include all notes to the financial statements required by the FCC or included in the financial statements issued as audited financial statements. These notes should be included in the report directly behind the schedules and should be labeled appropriately (Schedule 3A, etc.).
2. **Schedule 5** may be omitted for companies doing business only in Montana.
3. **Schedule 6** is not required for companies with under 5,000 lines.

4. **Schedule 7** must be completed by all companies. For companies under 5,000 lines, this schedule may be completed on a total state basis. Any such company completing the form on a total state basis shall indicate this fact clearly on the form.
5. **Schedule 8** - Companies with less than 5,000 lines are not required to fill out the intrastate portion. The regulated rate base must be separated from the deregulated rate base but this may be done on a total state basis. Any company so doing shall clearly indicate this on the form.
6. Only accounts designated on **Schedule 8** may be included in rate base. Only companies who have specifically been authorized in a Commission order to include cash working capital in rate base may fill out line 8 on Schedule 8. Cash working capital must be calculated using the methodology approved in the Commission order. The most recent Commission Order, and Docket, specifying cash working capital shall be noted on the schedule.
7. **Schedule 9** - Instructions to complete are similar to those used for the Statement of Cash Flows in the FCC Form M.

Schedule 10

1. For the purpose of this schedule, nonofficial companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in 47 C.F.R. Section 32.9000. This schedule shall not include telecommunications accounts receivable from other customers.

Schedule 11

1. All amounts listed in Column f that represent individual items for which the higher of cost or market value was in excess of \$50,000 for companies with under 5,000 lines and in excess of \$100,000 for companies with over 5,000 lines must be fully explained in notes to this schedule. The explanation must include the plant description and location, the original cost, the net book cost, the market value, the value at which it was transferred or the price at which it was sold, and the party to which it was transferred or sold.

Schedule 12

1. Respondents shall list each item amounting individually to \$100,000 or more and report all others in the aggregate.
2. Amounts in Column f relating to individual items exceeding \$50,000 shall be fully explained.

Schedule 15

1. Line 1 must be completed by all companies for the most recent calendar year. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "Year Ended" row. If the computer disk is used, enter the year end market price in the "High" column.
2. Lines starting at 9 shall be completed for each of the twelve months of the report year for all companies with over 5,000 access lines. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)

Schedule 19

1. All companies are required to submit this form. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
3. Interest rate percentages shall be listed to two decimal places.

Schedule 20

1. All changes to the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 & 16. All assumptions used in quantifying cost containment results shall be disclosed.
2. The schedule shall be filled out using FASB 106 and 132 guidelines.

Schedule 21

1. Respondents shall disclose all payments made during the year where the aggregate payment to the recipient was \$25,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 23

1. Respondents shall provide an attached sheet detailing the type and corresponding number of access lines for all entries in Column L (Other).

Schedule 24

1. Column (b). For each wire center that has a configuration of "Remote", Column (b) shall also reflect the respective "Host".
2. Column (c). Examples of Types of Switches are: Digital, Step by Step, and Crossbar.

Schedule 25

1. This schedule must be completed by all companies for the year following the reporting year.

Schedule 26

1. Respondents shall either report construction technicians and splicers as separate categories or footnote the appropriate categories and indicate the number of (1) construction technicians; and (2) splicers.

Schedule 27

1. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains.
3. If respondent is claiming protected status of salary information both a proprietary and non-proprietary copy of this schedule shall be filed. On the non-proprietary copy respondent shall indicate which columns respondent maintains are proprietary. A note stating that such information is being provided separately shall be included on the schedule. In no case shall either Column (a) - Name/Position, or Column (g) - Percent Increase Total Compensation, be considered proprietary. Respondent shall provide all requested information on the proprietary copy.

Schedule 28

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
2. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
3. All items included in Column (d) - Other Compensation shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule.
4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 29

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedules 33 and 34

1. Respondents shall report all transactions with affiliated companies.
2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedule 35

1. Respondents shall provide an attached sheet detailing the account and the amount for all entries made to Lines 9 and 16.
2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in rate base may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
3. Respondents shall indicate, for each adjustment on lines 30 through 42, if the amount is updated or if it is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 36

1. Respondents shall list the amount of tax accrued or paid for the fiscal year attributable to Montana sources for each of the listed taxes

Schedule 37

1. Respondents shall list the amount of Universal Service Funds received from Montana and from the federal government.

General Information

Year: 1999

1.	Legal Name of Respondent:	Citizens Telecommunications Company of Montana
2.	Name Under Which Respondent Does Business:	Citizens Telecommunications Company of Montana
3.	Date of Incorporation:	July 7, 1993
4.	Address to send Correspondence Concerning Report:	9672 South 700 East, Suite 101 Sandy, UT 84070-3555
5.	Person Responsible for This Report:	Lance Tade
5a.	Telephone Number:	801-553-0240
Control Over Respondent		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
1a.	Name and address of the controlling organization or person:	Citizens Utilities Company P.O. Box 3801 / 3 High Ridge Park Stamford, CT 06905
1b.	Means by which control was held:	Common Stock
1c.	Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Leonard Tow Stamford, Connecticut	None
2	Daryl A. Ferguson Stamford, Connecticut	None
3	O. Lee Jobe Stamford, Connecticut	None
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	Chairman of the Board: Leonard Tow	
19		
20		

Officers

Year: 1999

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	President		Rudy J. Graf *
2	Executive Vice President		Scott N. Schneider *
3	Vice President, Chief Financial		Robert J. DeSantis *
4	Officer and Assistant Secretary		
5	Vice President		Merton Bernabi **
6	Vice President, Integration		Robert Braden *
7	Vice President		John H. Casey, III *
8	Vice President and Controller		Kenneth L. Cohen *
9	Vice President, Engineering and		Michael G. Harris *
10	Technology		
11	Vice President and Treasurer		Edward O. Kipperman *
12	Vice President		F. Wayne Lafferty *
13	Vice President, General Counsel		L. Russell Mitten *
14	and Assistant Secretary		
15	Vice President		William O'Neill ***
16	Vice President		Dale Register *
17	Vice President and Chief		Livingston E. Ross *
18	Accounting Officer		
19	Vice President		L. Todd Wells **
20	Secretary and Assistant Vice		Charles J. Weiss *
21	President		
22	Assistant Treasurer and Assistant		Kenneth C. Dering *
23	Vice President		
24	Assistant Vice President and		Laura L. DiPreta *
25	Assistant Controller		
26	Assistant Secretary		Susan M. Mikes *
27	Assistant Secretary		Barbara Snider *
28	Assistant Secretary		Richard Tettelbaum *
29			
30			
31			
32			
33			* Stamford, Connecticut
34			
35			** Dallas, Texas
36			
37			*** Sacramento, California
38			
39			
40			
41			
42			

Total Company Balance Sheet

Year: 1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	2,599	2,599
3	1180	Telecommunications Accounts Receivable - Net	620,676	827,075
4	1190	Other Accounts Receivable - Net	607,545	461,624
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	16,940	19,771
8	* 1280	Prepayments	258	126
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses	258	126
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		Total Current Assets	1,248,018	1,311,195
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	30	24,337
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	30	24,337
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	22,628,663	22,558,880
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	71,295	531,345
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	14,619,967	14,619,967
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(9,335,843)	(9,684,082)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(4,450,192)	(3,574,744)
39		Net Property, Plant, & Equipment	23,533,890	24,451,366
40		TOTAL ASSETS	24,781,938	25,786,898

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	476,660	285,280
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	101,445	78,925
45	4040	Customer Deposits	11,340	4,325
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued	(200)	(200)
49	4080	Other Taxes - Accrued	349,412	358,879
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	28,605	38,576
53	4130	Other Current Liabilities	8,602	7,790
54		Total Current Liabilities	975,864	773,575
55		LONG-TERM DEBT:		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies	19,776,756	21,739,272
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt	19,776,756	21,739,272
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	4,455,577	4,393,023
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	229,716	113,965
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	4,685,293	4,506,988
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	1,000	1,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	(656,975)	(1,233,937)
79		Total Stockholders' Equity	(655,975)	(1,232,937)
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	24,781,938	25,786,898

Total Company Income Statement

Year: 1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,093,974	2,007,449
3	5080	Network Access Revenues	5,793,324	4,130,738
4	* 5100	Long Distance Message Revenue	73,611	127,085
5	^ 5110	Unidirectional Long Distance Revenue	69,908	98,194
6	^ 5120	Long Distance Private Network Revenue	1,212	26,686
7	^ 5160	Other Long Distance Revenue	2,491	2,205
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	500,842	506,188
10	^ 5230	Directory Revenue	27,051	39,250
11	^ 5240	Rent Revenue	22,318	39,008
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	35,098	22,770
14	^ 5270	Carrier Billing and Collection Revenue	101,226	109,324
15	^ 5280	Nonregulated Revenue	315,149	295,836
16	5300	Uncollectible Revenue	151,866	154,353
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,309,885	6,617,107
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	5	
20	6120	General Support Expense	619,944	427,352
21	6210	Central Office Switching Expense	94,938	128,864
22	6220	Operator Systems Expense	20	22
23	6230	Central Office Transmission Expense	65,597	67,372
24	6310	Information Origination/Termination Expense	218,174	206,449
25	* 6410	Cable and Wire Facilities Expense	327,178	392,309
26	^ 6431	Aerial Wire Expense	1,250	
27	^ 6441	Conduit Systems Expense	14	
28	6510	Other Property, Plant & Equipment Expense	314	593
29	6530	Network Operations Expense	255,458	180,763
30	6540	Access Expense	29,219	26,553
31	6560	Depreciation and Amortization Expense	2,427,300	2,302,348
32	6610	Marketing	159,856	123,707
33	6620	Services	527,385	410,495
34	6710	Executive and Planning	138,337	72,719
35	6720	General and Administrative	1,733,034	1,723,714
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,596,759	6,063,260
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,109,063	686,680
40		Net Operating Income (L.17-L.37+L.38-L.39)	604,063	(132,833)
41	7300	Nonoperating Income and Expense	(43,814)	20,850
42	7400	Nonoperating Taxes	(17,611)	(10,367)
43	7500	Interest and Related Items	898	56
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	576,962	(101,672)

^ Subaccount of the account marked with a *.

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Montana Total State Income Statement

Year: 1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	Same as Schedule 4	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,093,974	2,007,449
3	5080	Network Access Revenues	3,167,714	1,922,221
4	* 5100	Long Distance Message Revenue	30,938	55,302
5	^ 5110	Unidirectional Long Distance Revenue	27,235	26,417
6	^ 5120	Long Distance Private Network Revenue	1,212	26,685
7	^ 5160	Other Long Distance Revenue	2,491	2,200
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	441,338	440,120
10	^ 5230	Directory Revenue	27,051	39,250
11	^ 5240	Rent Revenue	22,318	39,008
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	35,088	22,770
14	^ 5270	Carrier Billing and Collection Revenue	41,732	43,256
15	^ 5280	Nonregulated Revenue	315,149	295,836
16	5300	Uncollectible Revenue	151,866	154,353
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	5,582,098	4,270,739
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	3	
20	6120	General Support Expense	413,813	270,432
21	6210	Central Office Switching Expense	52,681	62,357
22	6220	Operator Systems Expense	11	
23	6230	Central Office Transmission Expense	36,400	32,595
24	6310	Information Origination/Termination Expense	163,631	116,268
25	* 6410	Cable and Wire Facilities Expense	242,014	291,795
26	^ 6431	Aerial Wire Expense	925	
27	^ 6441	Conduit Systems Expense	10	
28	6510	Other Property, Plant & Equipment Expense	210	375
29	6530	Network Operations Expense	170,518	114,394
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	1,604,445	883,062
32	6610	Marketing	159,856	123,704
33	6620	Services	403,660	319,324
34	6710	Executive and Planning	102,895	52,131
35	6720	General and Administrative	1,289,031	1,235,706
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,639,168	3,502,143
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	757,157	421,432
40		Net Operating Income (L.17-L.37+L.38-L.39)	185,773	347,164

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,093,974	2,007,449
3	5080	Network Access Revenues	3,167,714	1,922,221
4	* 5100	Long Distance Message Revenue	30,938	55,302
5	^ 5110	Unidirectional Long Distance Revenue	27,235	26,417
6	^ 5120	Long Distance Private Network Revenue	1,212	26,685
7	^ 5160	Other Long Distance Revenue	2,491	2,200
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	126,189	144,284
10	^ 5230	Directory Revenue	27,051	39,250
11	^ 5240	Rent Revenue	22,318	39,008
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	35,088	22,770
14	^ 5270	Carrier Billing and Collection Revenue	41,732	43,256
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	151,866	146,307
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	5,266,949	3,982,949
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	3	
20	6120	General Support Expense	295,752	230,841
21	6210	Central Office Switching Expense	52,681	62,151
22	6220	Operator Systems Expense	11	
23	6230	Central Office Transmission Expense	36,236	32,357
24	6310	Information Origination/Termination Expense	2,062	10,999
25	* 6410	Cable and Wire Facilities Expense	242,014	291,795
26	^ 6431	Aerial Wire Expense	925	
27	^ 6441	Conduit Systems Expense	10	
28	6510	Other Property, Plant & Equipment Expense	209	370
29	6530	Network Operations Expense	169,580	113,776
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	1,596,583	861,174
32	6610	Marketing	155,348	89,215
33	6620	Services	393,972	309,904
34	6710	Executive and Planning	93,634	47,554
35	6720	General and Administrative	1,082,013	1,104,103
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,120,098	3,154,239
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	914,646	400,496
40		Net Operating Income (L.17-L.37+L.38-L.39)	232,205	428,214

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	22,593,772	21,691,572
2	3100	Accumulated Depreciation	9,509,963	9,136,088
3	2002	Property Held for Future Telecommunications Use	-	
4	3200	Accumulated Depreciation - 2002	-	
5	1220	Materials and Supplies	18,356	21,242
6	4340	Noncurrent Deferred Operating Income Taxes	4,424,300	4,028,360
7		Pre-1971 Unamortized Investment Tax Credits	-	
8		Cash Working Capital (if allowed by Commission)	-	
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	8,677,865	8,548,366

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	15,081,342	13,771,801
2	3100	Accumulated Depreciation	6,477,235	6,110,334
3	2002	Property Held for Future Telecommunications Use	-	
4	3200	Accumulated Depreciation - 2002	-	
5	1220	Materials and Supplies	13,578	15,798
6	4340	Noncurrent Deferred Operating Income Taxes	423,406	2,548,413
7		Pre-1971 Unamortized Investment Tax Credits	-	
8		Cash Working Capital (if allowed by Commission)	-	
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	8,194,279	5,128,852

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	14,570,085	13,516,487
2	3100	Accumulated Depreciation	6,225,271	5,979,305
3	2002	Property Held for Future Telecommunications Use	-	
4	3200	Accumulated Depreciation - 2002	-	
5	1220	Materials and Supplies	13,427	12,673
6	4340	Noncurrent Deferred Operating Income Taxes	421,034	2,607,348
7		Pre-1971 Unamortized Investment Tax Credits	-	
8		Cash Working Capital (if allowed by Commission)	-	
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	7,937,207	4,942,507

Statement of Cash Flows

Year: 1999

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		576,962
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	527,209	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	62,554	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	60,478	
11	Change in Materials, Supplies & Inventories - Net	2,831	
12	Change in Operating Payables & Accrued Liabilities - Net	191,380	
13	Change in Other Assets & Deferred Credits - Net	24,175	
14	Change in Other Liabilities & Deferred Credits - Net	126,660	
15	Other (explained on back of this page)		
16	Total Adjustments		995,287
17	Net Cash Provided by/(Used in) Operating Activities		1,572,249
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of	390,267	
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		390,267
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates	(1,962,516)	
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		(1,962,516)
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		-
40	Cash & Cash Equivalents at Beginning of Period		2,599
41	Cash & Cash Equivalents at End of Period		2,599

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 10

ar: 1999

Receivables and Investments-Affiliated & Nonaffiliated Companies

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Various		712,370	91,694	628,298	20,753					
2											
3											
4											
5											
6											
7											
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23											
24											
25											
26											
27											
28											
29											
30	Totals	-	712,370	91,694	628,298	20,753	-	-	-	-	-

Net Plant in Service - Detail

Year:1999

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	2,409,568	30,658	115,026		2,325,200	870,686	1,454,514
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	270,969		14,790		256,179	43,433	212,746
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	53,233				53,233	53,539	(306)
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	258,215		100,236		157,979	68,787	89,192
8	^ 2121	Buildings	1,583,672	30,658			1,614,330	632,959	981,371
9	^ 2122	Furniture	7,980				7,980	(2,229)	10,209
10	^ 2123	Office Equipment	26,918				26,918	21,854	5,064
11	^ 2124	General Purpose Computers	131,859				131,859	52,343	79,516
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching	2,702,865	55,183	16,171	(13,793)	2,728,084	571,865	2,156,219
14	2215	Electro-Mechanical Switching						(282,121)	282,121
15	2220	Operator Systems							
16	2231	Radio Systems	1,247,796	13,389	12,020		1,249,165	1,256,136	(6,971)
17	2232	Circuit Equipment	4,502,960	184,835	1,395,647	(1)	3,292,147	1,518,630	1,773,517
18	* 2310	Information Orig & Term Equip	267,538	13,192			280,730	289,004	(8,274)
19	^ 2311	Station Apparatus	68,725	13,192			81,917	84,398	(2,481)
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.	52,516				52,516	57,467	(4,951)
23	^ 2362	Other Terminal Equipment	146,297				146,297	147,139	(842)
24	2411	Poles	491,226	12,711	6,761		497,176	312,528	184,648
25	* 2420	Cable and Wire Facilities	10,740,996	1,378,428	59,195	1	12,060,230	4,700,084	7,360,146
26	^ 2421	Aerial Cable	2,011,836	268,026	26,724		2,253,138	1,532,475	720,663
27	^ 2422	Underground Cable	108,079	15,613		1	123,693	44,524	79,169
28	^ 2423	Buried Cable	8,621,081	1,094,789	32,471		9,683,399	3,123,085	6,560,314
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	2431	Aerial Wire	47,203				47,203	55,956	(8,753)
33	2441	Conduit Systems	148,728				148,728	43,075	105,653
34		Totals	22,558,880	1,688,396	1,604,820	(13,793)	22,628,663	9,335,843	13,292,820

^ Subaccount of the account marked with a *.

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 12

Analysis of Plant Held for Future Use

Year: 1999

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	None						
2							
3							
4							
5							
6							
7							
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11							
12							
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21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Average Cost of Long Term Debt

Year: 1999

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	None											
2												
3												
4												
5												
6												
7												
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22												
23												
24												
25												
26												
27												
28												
29												
30	Total											

Year: 1999

Cost of Preferred Stock

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	Not Applicable											
2												
3												
4												
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24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 15

Year: 1999

Analysis of Common Stock

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	None						
2								
3								
4								
5								
6								
7								
8	Month by Month Data:							
9	January							
10	February							
11	March							
12	April							
13	May							
14	June							
15	July							
16	August							
17	September							
18	October							
19	November							
20	December							
21								
22								
23								

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 16

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 1999

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	Not Applicable						
2							
3							
4							
5							
6							
7							
8							
9							
10							
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19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 17

Page 1 of 2

Total Company Expense Matrix

Year:1999

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense	2			3		5
2	^	6112 Motor Vehicle Expense						
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense						
5	^	6115 Garage Work Equipment Expense	2			3		5
6	^	6116 Other Work Equipment Expense						
7	*	6120 General Support Expense	64,567	14,758	79,312	461,308		619,945
8	^	6121 Land and Building Expense	11,025	2,503	79,122	128,678		221,328
9	^	6122 Furniture and Artworks Expense			84	17,493		17,577
10	^	6123 Office Equipment Expense	43	1	100	48,468		48,612
11	^	6124 General Purpose Computers Expense	53,499	12,254	6	266,669		332,428
12	*	6210 Central Office Switching Expense	58,658	10,933	1	25,345		94,937
13	^	6211 Analog Electronic Expense				(1)		(1)
14	^	6212 Digital Electronic Expense	58,661	10,933	1	25,346		94,941
15	^	6215 Electro-Mechanical Expense	(3)					(3)
16		6220 Operator Systems Expense				20		20
17	*	6230 Central Office Transmission Expense	35,771	6,737	78	23,012		65,598
18	^	6231 Radio Systems Expense	5,710	1,055	79	5,255		12,099
19	^	6232 Circuit Equipment Expense	30,061	5,682	(1)	17,757		53,499
20	*	6310 Information Origination/Termination Expense	67,723	12,601	1	137,850		218,175
21	^	6311 Station Apparatus Expense	25,526	4,720	1	92,157		122,404
22	^	6341 Large Private Branch Exchange Expense	391	76		134		601
23	^	6351 Public Telephone Terminal Equipment Exp.	5,843	1,098		36,910		43,851
24	^	6362 Other Terminal Equipment Expense	35,963	6,707		8,649		51,319
25	*	6410 Cable and Wire Facilities Expense	148,824	27,847	40,612	109,895		327,178
26	^	6411 Poles Expense	1,410	263	(20,190)	1,033		(17,484)
27	^	6421 Aerial Cable Expense	53,742	10,103	292	42,035		106,172
28	^	6422 Underground Cable Expense	2,742	512		566		3,820
29	^	6423 Buried Cable Expense	87,697	16,359	60,510	65,531		230,097
30	^	6424 Submarine Cable Expense	184	34		62		280
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense	2,176	413		440		3,029
33	^	6431 Aerial Wire Expense	873	163		214		1,250
34		Subtotals	375,545	72,876	120,004	757,419		1,325,844

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Year: 1999

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	6441 Conduit Systems Expense				14		14
36		6510 Other Property Expenses	17	(70)		367		314
37	*	6530 Network Operations Expense	119,181	17,708	(64)	118,633		255,458
38	^	6531 Power Expense			(63)	40,646		40,583
39	^	6532 Network Administration Expense	52,524	12,089		24,609		89,222
40	^	6533 Testing Expense	8,524	1,946		1,788		12,258
41	^	6534 Plant Operations Expense	50,417	8,910		41,770		101,097
42	^	6535 Engineering Expense	7,716	(5,237)	(1)	9,820		12,298
43		6540 Access Expense				29,219		29,219
44		6561 Depreciation - Telecomm. Plant in Service				1,546,649		1,546,649
45		6562 Depreciation-Prop. for Future Telecom. Use						
46		6563 Amortization Expense - Tangible						
47		6564 Amortization Expense - Intangible						
48		6565 Amortization - Other				880,651		880,651
49	*	6610 Marketing	69,004	13,579		77,273		159,856
50	^	6611 Product Management	21,328	4,931		10,490		36,749
51	^	6612 Sales	47,663	8,645		26,604		82,912
52	^	6613 Product Advertising	13	3		40,179		40,195
53		6621 Call Completion Services	258	44		78,753		79,055
54		6622 Number Services	111	13		1,195		1,319
55		6623 Customer Services	168,242	36,413		242,356		447,011
56		6711 Executive	31,541	7,237		18,877		57,655
57		6712 Planning	22,527	5,566		52,589		80,682
58		6721 Accounting and Finance	247,672	57,002		144,049		448,723
59		6722 External Relations	91,155	21,106		127,969		240,230
60		6723 Human Relations	29,287	6,292		23,740		59,319
61		6724 Information Management	72,663	16,544		669,934		759,141
62		6725 Legal	8,925	1,996		12,430		23,351
63		6726 Procurement	15,031	3,487		7,086		25,604
64		6727 Research and Development						
65		6728 Other General and Administrative	4,261	975		171,428		176,664
66		6790 Provision for Uncollectible Notes Receivable						
67		Totals	1,255,420	260,768	119,940	4,960,631	-	6,596,759

^ Subaccount of the account marked with a *.

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 18

Page 1 of 2

Total State Expense Matrix

Year: 1999

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense	Same as Schedule 17					
2	^	6112 Motor Vehicle Expense						
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense						
5	^	6115 Garage Work Equipment Expense						
6	^	6116 Other Work Equipment Expense						
7	*	6120 General Support Expense						
8	^	6121 Land and Building Expense						
9	^	6122 Furniture and Artworks Expense						
10	^	6123 Office Equipment Expense						
11	^	6124 General Purpose Computers Expense						
12	*	6210 Central Office Switching Expense						
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense						
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense						
17	*	6230 Central Office Transmission Expense						
18	^	6231 Radio Systems Expense						
19	^	6232 Circuit Equipment Expense						
20	*	6310 Information Origination/Termination Expense						
21	^	6311 Station Apparatus Expense						
22	^	6341 Large Private Branch Exchange Expense						
23	^	6351 Public Telephone Terminal Equipment Exp.						
24	^	6362 Other Terminal Equipment Expense						
25	*	6410 Cable and Wire Facilities Expense						
26	^	6411 Poles Expense						
27	^	6421 Aerial Cable Expense						
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense						
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a *.

Year: 1999

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense						
36	6510	Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 1999

1	Plan Name	Citizens Pension Plan		
2	Defined Benefit Plan? <u>Yes</u>	Defined Contribution Plan? <u>No</u>		
3	Actuarial Cost Method? <u>Projected Unit Credit</u>	IRS Code: _____		
4	Annual Contribution by Employer: <u>\$5,419,566</u>	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	252,914,000	208,520,000	21.29%
8	Service cost	13,234,000	10,747,000	23.14%
9	Interest Cost	17,200,000	15,703,000	9.53%
10	Plan participants' contributions			
11	Amendments	(1,877,000)	(1,487,000)	-26.23%
12	Actuarial Gain	(33,039,000)	27,941,000	-218.25%
13	Acquisition		8,344,000	-100.00%
14	Benefits paid	(20,830,000)	(16,854,000)	-23.59%
15	Benefit obligation at end of year	227,602,000	252,914,000	-10.01%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	232,536,000	201,834,000	15.21%
18	Actual return on plan assets	21,760,000	24,749,000	-12.08%
19	Acquisition		10,875,000	-100.00%
20	Employer contribution	5,420,000	11,932,000	-54.58%
21	Plan participants' contributions			
22	Benefits paid	(20,830,000)	(16,854,000)	-23.59%
23	Fair value of plan assets at end of year	238,886,000	232,536,000	2.73%
24	Funded Status	11,284,000	(20,378,000)	155.37%
25	Unrecognized net actuarial loss	(13,911,000)	21,807,000	-163.79%
26	Unrecognized prior service cost	1,819,000	3,871,000	-53.01%
27	Prepaid (accrued) benefit cost	(808,000)	5,300,000	-115.25%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate	8.00%	7.00%	14.29%
31	Expected return on plan assets	8.25%	8.25%	
32	Rate of compensation increase	4.00%	4.00%	
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost	13,234,000	10,747,000	23.14%
36	Interest cost	17,200,000	15,703,000	9.53%
37	Expected return on plan assets	(19,081,000)	(17,241,000)	-10.67%
38	Amortization of prior service cost	175,000	387,000	-54.78%
39	Recognized net actuarial loss		13,000	-100.00%
40	Net periodic benefit cost	11,528,000	9,609,000	19.97%
41				
42	Montana Intrastate Costs:			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	11	11	
48	Not Covered by the Plan			
49	Active	11	11	
50	Retired			
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End			
7	Discount rate	8.00%	7.00%	-14.29%
8	Expected return on plan assets			
9	Medical Cost Inflation Rate	7.00%	7.00%	
10	Actuarial Cost Method			
11	Rate of compensation increase	N/A	N/A	
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13	VEBA - Tax Advantaged			
14				
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year	51,983,000	49,110,000	5.85%
20	Service cost	781,000	980,000	-20.31%
21	Interest Cost	3,431,000	3,523,000	-2.61%
22	Plan participants' contributions	629,000	596,000	5.54%
23	Amendments	-	(4,734,000)	100.00%
24	Actuarial Gain	(8,590,000)	4,503,000	-290.76%
25	Acquisition	-	651,000	-100.00%
26	Benefits paid	(2,706,000)	(2,646,000)	-2.27%
27	Benefit obligation at end of year	45,528,000	51,983,000	-12.42%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	18,710,000	6,661,000	180.89%
30	Actual return on plan assets	1,200,000	677,000	77.25%
31	Acquisition	-	-	
32	Employer contribution	1,498,000	11,372,000	-86.83%
33	Plan participants' contributions	-	-	
34	Benefits paid	(948,000)	-	-100.00%
35	Fair value of plan assets at end of year	20,460,000	18,710,000	9.35%
36	Funded Status	(25,068,000)	(33,273,000)	24.66%
37	Unrecognized net actuarial loss	(14,953,000)	(7,562,000)	-97.74%
38	Unrecognized prior service cost	359,000	386,000	-6.99%
39	Prepaid (accrued) benefit cost	(39,662,000)	(40,449,000)	1.95%
40	Components of Net Periodic Benefit Costs			
41	Service cost	781,000	980,000	-20.31%
42	Interest cost	3,431,000	3,523,000	-2.61%
43	Expected return on plan assets	(1,544,000)	(549,000)	-181.24%
44	Amortization of prior service cost	27,000	28,000	-3.57%
45	Recognized net actuarial loss	(855,000)	(975,000)	12.31%
46	Net periodic benefit cost	1,840,000	3,007,000	-38.81%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	20,460,000	18,710,000	9.35%
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL	20,460,000	18,710,000	9.35%
52	Amount that was tax deductible - VEBA	1,498,000	11,372,000	-86.83%
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL	1,498,000	11,372,000	-86.83%

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	1,819	2,349	-22.56%
3	Not Covered by the Plan			
4	Active	1,304	1,808	-27.88%
5	Retired	515	541	-4.81%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	18,624	15,744	18.29%
10	Service cost	922	823	12.03%
11	Interest Cost	1,266	1,147	10.37%
12	Plan participants' contributions	128	103	24.27%
13	Amendments	-	-	
14	Actuarial Gain	(3,350)	1,054	-417.84%
15	Acquisition	-	-	
16	Benefits paid	(283)	(247)	-14.57%
17	Benefit obligation at end of year	17,307	18,624	-7.07%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	36,269	27,239	33.15%
20	Actual return on plan assets	3,077	2,278	35.07%
21	Acquisition	-	-	
22	Employer contribution	-	6,752	-100.00%
23	Plan participants' contributions	-	-	
24	Benefits paid	-	-	
25	Fair value of plan assets at end of year	39,346	36,269	8.48%
26	Funded Status	22,039	17,645	24.90%
27	Unrecognized net actuarial loss	(128,838)	(137,876)	6.56%
28	Unrecognized prior service cost	-	-	
29	Prepaid (accrued) benefit cost	(106,799)	(120,231)	11.17%
30	Components of Net Periodic Benefit Cccosts			
31	Service cost	922	823	12.03%
32	Interest cost	1,266	1,147	10.37%
33	Expected return on plan assets	(2,992)	(2,247)	-33.16%
34	Amortization of prior service cost	-	-	
35	Recognized net actuarial loss	(12,473)	(12,380)	-0.75%
36	Net periodic benefit cost	(13,277)	(12,657)	-4.90%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	39,346	36,269	8.48%
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL	39,346	36,269	8.48%
42	Amount that was tax deductible - VEBA		6,752	-100.00%
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL	-	6,752	-100.00%
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan	11	11	
52	Not Covered by the Plan			
53	Active	11	11	
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 1999

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Advanced Fibre Communication	Plant Specific	-	-	-
2	AT & T Wire Transfers	Plant Specific	761,910	761,910	761,910
3	ATCO Communication	Plant Specific	-	-	-
4	Cascade Cab	Cable & Wire Facilities	192,230	192,230	192,230
5	Chase Manhattan Bank	General Administration	-	-	-
6	Excel Tele	General Administration	-	-	-
7	GTE Supply	Material Purchased	235,215	235,215	235,215
8	GTE Wire Transfers	Public Telephone Collection	-	-	-
9	Income and Misc. Tax Division	Taxing Authority	-	-	-
10	Internal Revenue Service	Taxing Authority	-	-	-
11	MCI Wire Transfers	General Administration	-	-	-
12	OAN Wire Transfers	General Administration	-	-	-
13	Zero Plus Dialing	General Administration	-	-	-
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49	Total		1,189,355	1,189,355	1,189,355

Subscriber Line Usage Data

Year: 1999

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	30,919,837	62.50%	24,427,314	72.82%
3	Interstate, IntraLATA	1,036,892	2.10%	645,378	1.92%
4	Total Interstate Usage	31,956,729	64.59%	25,072,692	74.74%
5	Intrastate, InterLATA	16,895,457	34.15%	8,089,864	24.12%
6	Intrastate, IntraLATA	619,357	1.25%	381,638	1.14%
7	Total Intrastate Usage	17,514,814	35.41%	8,471,502	25.26%
8	Total Toll Usage	49,471,543	100.00%	33,544,194	100.00%
9	Centrex				
10	Local	Not Available		Not Available	
11	Total Minutes	49,471,543	100.00%	33,544,194	100.00%

Year: 1999

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	Eureka	Digital	836					343	62	8	8	7	100.0%	1264
2	Libby	Digital	4181					1057	271	10	40	82	100.0%	5641
3	Troy	Digital	1456					215	25	5	12	8	100.0%	1721
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32														
33	Total		6473					1615	358	23	60	97		8626

NOTE: Additional blank schedules are being provided for your convenience.

Central Office and Switch Information

Year: 1999

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	Eureka	Remote	Digital	Nortel	DMS10/RSC	1,920	1996
2	Libby	Host	Digital	Nortel	DMS10/HSC	9,728	1996
3	Troy	Stand alone	Digital	Nortel	DMS10/SSO	2,560	1992
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NOTE: Additional blank schedules are being provided for your convenience.

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Construction Budget - Montana

Year: 2000

Line No.	Description (a)	2,000 (b)
1	Central Office Assets:	
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26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	575,000
29	Total Central Office Budget (Total of Line 27 & Line 28)	575,000
30	Other Projects over \$500,000:	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	710,400
43	Total Construction Budget (Total of Lines 29, 41 & 42)	1,285,400

Montana Employee Counts

Year: 1999

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Hourly	10	10
2			
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43	Totals (Sum of Lines 1 through 42)	10	10

Compensation of Top 10 Montana Based Employees

Year: 1999

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	Network Maintainer	39,683	450	4,730	44,863	54,158	-17.16%
2	Equipment Technician	37,951	450	2,423	40,824	50,692	-19.47%
3	Network Maintainer	39,408	450	3,353	43,211	49,394	-12.52%
4	Equipment Technician	41,734	450	3,767	45,951	48,617	-5.48%
5	System Technician	41,828	450	1,719	43,997	48,402	-9.10%
6	Network Maintainer	39,438	450	2,038	41,926	48,346	-13.28%
7	Network Maintainer	39,272	450	2,374	42,096	47,554	-11.48%
8	Network Maintainer	39,240	450	2,464	42,154	46,356	-9.06%
9	Service Assistant	29,523	450	1,139	31,112	34,723	-10.40%
10	Service Assistant	29,516	450	1,647	31,613	34,465	-8.28%
11	Totals (Sum L.1 to L.10)	377,593	4,500	25,654	407,747	462,707	-11.88%

Year: 1999

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	See Proxy Statement						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 1999

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	15,105
3	2003 - 2004	Construction Work in Progress	48
4	2005	Plant Acquisition Adjustments	-
5	2002	Plant Held for Future Use	-
6	1220	Materials & Supplies	13
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(9,390)
9	4360.2	Contributions in Aid of Construction	-
10		NET BOOK COSTS	5,776
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	5,582
13	6560	Depreciation & Amortization Expenses	1,604
14		Federal & State Income Taxes	268
15		Other Taxes	489
16		Other Operating Expenses	3,035
17		TOTAL Operating Expenses	5,396
18		Net Operating Income	186
19		Other Income	-
20		Other Deductions	-
21		NET INCOME	186
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	6,473
24		Business Access Lines	2,082
25		PBX Access Lines	93
26		Other Access Lines	
27		Total Number of Access Lines	8,648
28		Average Number of Calls Per Access Line	
29		Local Calls	N/A
30		Toll Calls (Intra- or Interstate)	N/A
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30)	-
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	15
34		Gross Plant Investment per Access Line	2

Depreciation - Montana Intrastate Regulated

Year: 1999

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	20,480
	2112.31	Motor Vehicles Under \$2,000		
2	2114	Special Purpose Vehicles	7.7%	
3	2115	Garage Work Equipment		
4	2116	Other Work Equipment	5.6%	9,896
	2116.31	Other Work Equipment Under \$2,000	6.3%	3,299
5	2121	Buildings	2.9%	45,964
6	2122	Furniture	3.9%	164
	2123.31	Furniture Under \$2,000	16.3%	618
7	2123.1	Office Support Equipment	6.9%	(1,818)
8	2123.2	Company Communications Equipment	8.3%	(2,509)
	2123.31	Company Communications Equipment Under \$2,000	9.2%	1,194
9	2124	General Purpose Computers	13.4%	17,106
	2124.31	General Purpose Computers Under \$2,000	2.2%	92
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	6.5%	177,051
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	6.9%	23,035
16	2232	Circuit DDS		
17	2232	Circuit Digital	8.0%	253,286
18	2232	Circuit Analog	8.0%	88,195
19	2311	Station Appartus	Various	19,094
20	2351	Public Telephone Terminating Equipment	8.8%	4,621
21	2362	Other Terminal Equipment	7.2%	4,589
22	2411	Poles	6.3%	31,225
23	2421	Aerial Cable Metallic	6.9%	145,210
24	2421	Aerial Cable Nonmetallic		
25	2422	Underground Cable Metallic	4.7%	5,542
26	2422	Underground Cable Nonmetallic		
27	2423	Buried Cable Metallic	4.8%	409,395
28	2423	Buried Cable Nonmetallic	4.8%	23,792
29	2424	Submarine Cable Metallic		
30	2424	Submarine Cable Nonmetallic		
31	2426	Intrabuilding Network Cable Metallic		
32	2426	Intrabuilding Network Cable Nonmetallic		
33	2431	Aerial Wire	20.9%	9,865
34	2441	Conduit Systems	2.2%	3,272
35				
36		COMPOSITE TOTAL	5.7%	
37				
38	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
39				
40	If yes: <u>93.7.30</u> Docket Number <u> </u> Order Number			
41				

Montana Regulatory Capital Structure & Costs

Year: 1999

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent			
1	Docket Number _____			
2	Order Number _____			
3				
4	Common Equity	45.07%	11.767%	5.303%
5	Preferred Stock	4.72%	5.240%	0.247%
6	Long Term Debt	50.21%	6.770%	3.399%
7	Other			
8	Total	100.00%		8.950%
9				
10	Actual at Year End			
11				
12	Common Equity	45.07%	5.074%	2.287%
13	Preferred Stock	4.72%	5.240%	0.247%
14	Long Term Debt	50.21%	6.770%	3.399%
15	Other			
16	Total	100.00%		5.933%

Network Access - Charges and Revenues

Year: 1999

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		2,970,720
2			
3	Montana - Intrastate		762,203
4			
5	Montana - Intrastate Regulated		762,203
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 1999

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Citizens Utilities Company	Corporate Executive, Planning, I/S, H/R, Legal/Regulatory, Treasury, Accounting, & SAO Com Insr/Others	Fully Distributed Cost per FCC Part 64.901	258,968		258,968
2						
3						
4						
5						
6	Citizens Telecommunications Service Company	Executive, Employee Support Services, Business Support Services, Legal, Operations, Controller, Finance/Support, Others, I/S, Marketing/Regulatory Affairs, National Sales, & Dir Bill Mode	Fully Distributed Cost per FCC Part 64.901	2,700,224		2,700,224
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL			\$2,959,192		\$2,959,192

Affiliate Transactions - Products & Services Provided by Utility

Year: 1999

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Citizens Telecommunications Service Company, L.L.C	Tarriffed Telephone Service and Company Official Toll Service	Tarriffed	163,897		163,897
2		Building Space Rental	Fully Distributed Cost	6,047		6,047
3		Directory Listings	Market Price	3,224		3,224
4		Directory Billing and Collections	Market Price	1,158		1,158
5		Others	Tarriffed			
6	Citizens Telecommunications Company, Inc.	Billing and Collections Services	Market Price	28,843		28,843
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL			\$203,169		\$203,169

Montana Intrastate Regulated Earned Rate of Return

Year: 1999

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	14,570,085	13,516,487	7.79%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(6,225,271)	(5,979,305)	-4.11%
5	Plant in Service	8,344,814	7,537,182	10.72%
6				
7	Additions			
8	1220 Materials & Supplies	13,427	12,673	5.95%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	13,427	12,673	5.95%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	421,034	2,607,348	-83.85%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	421,034	2,607,348	-83.85%
20	TOTAL Rate Base	7,937,207	4,942,507	60.59%
21				
22	Net Earnings	232,205	428,214	-45.77%
23				
24	Rate of Return on Average Rate Base	2.93%	8.66%	-66.23%
25				
26	Rate of Return on Average Equity	-1.60%	11.14%	-114.36%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(375,570)	(2,629,632)	85.72%
31	Plant Adjustment (TPA).			
32				
33				
34	Comp. Tax Rate @ 39.39% w/interest expense adjustment	216,465	(71,378)	403.27%
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base	5.93%	4.71%	25.91%
44				
45	Adjusted Rate of Return on Average Equity	5.07%	2.54%	99.97%

Other Taxes Paid

Year: 1999

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	39,221	40,993
2	Montana Public Service Commission Tax	6,681	9,030
3	Montana Consumer Counsel Tax	2,265	3,612
4	911 Emergency Telephone Fee	49,272	48,856
5	Montana Telecommunications Access Service (TDD)	10,119	10,264
6	Montana Corporate License Tax		
7	Personal Property Tax		
8	Real Property Tax	731,471	708,501
9			
10			
11			
12	Total	839,029	821,256

Company Name: Citizens Telecommunications Company of Montana

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Universal Service Funds Received

Year: 1999

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,160,808	1,806,779
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1,160,808	1,806,779